

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2019-5-G - ORDER NO. 2019-___

NOVEMBER ___, 2019

IN RE:

Annual Review of Purchased Gas Adjustment)	JOINT PROPOSED ORDER ON PGA AND ADOPTING STIPULATION
and Gas Purchasing Policies of Dominion)	
Energy South Carolina, Incorporation f/k/a)	
South Carolina Electric & Gas Company)	

This matter comes before the Public Service Commission of South Carolina (“the Commission”) for the annual review of the Purchased Gas Adjustment (“PGA”) and the Gas Purchasing Policies of Dominion Energy South Carolina, Inc. f/k/a South Carolina Electric & Gas Company (“DESC” or “Company”), as required by Order No. 87-898, issued on August 14, 1987. Pursuant to that order, the Commission opened the present docket for the purpose of conducting DESC’s 2019 annual PGA review. On June 12, 2019, the Commission Clerk’s Office scheduled a hearing for this matter for November 7, 2019, and established prefiling testimony deadlines by issuing a Notice of Hearing and Prefile Testimony Deadlines (“Notice of Hearing”). The Notice of Hearing also set a return date for intervention. The period under review in this docket is August 1, 2018, through July 31, 2019 (“Review Period”).

As the natural gas utility under review, DESC was automatically a party to the proceeding. By letter dated June 12, 2019, the Commission Clerk’s Office instructed the Company to (i) publish the Notice of Hearing in newspapers of general circulation in the affected areas by August 29, 2019, advising all interested parties of the manner and time in which to file pleadings to obtain

the right to participate in this proceeding and (ii) provide proofs of publication by September 19, 2019. The Commission Clerk's Office further instructed DESC to provide notification of the PGA review to each affected customer via bill inserts or by electronic mail to those customers who have agreed to receive notices by electronic mail on or before August 29, 2019, and to provide certification on or before September 19, 2019. The Company timely filed affidavits and proofs of publication to confirm its compliance with the instructions of the Commission Clerk's Office on July 30, 2019, and August 14, 2019.

The South Carolina Office of Regulatory Staff ("ORS") is a party in this matter pursuant to S.C. Code Ann. § 58-4-10 (2015). There was only one party that sought to intervene in this proceeding. Ann Wilson ("Ms. Wilson") filed a hand-written letter dated August 16, 2019, to the Commission's Clerk requesting to be a witness at the November 7, 2019 hearing. Ms. Wilson included her address in the top right corner of her letter; however, did not indicate that she would like to receive notifications from the active parties in matter. Ms. Wilson did not attend the PGA hearing on November 7, 2019. ORS performed its due diligence by confirming no complaints were filed by Ms. Wilson in this matter with ORS prior to November 7, 2019 hearing.

On September 20, 2019, DESC pre-filed the direct testimony of witness Felicia D. Howard and the direct testimony and exhibits of witnesses Rose M. Jackson and Rachel R. Elliott. On October 11, 2019, ORS pre-filed the direct testimony and exhibits of witness Zachary J. Payne and the direct testimony of witness Anthony M. Sandonato.

On October 30, 2019, ORS and DESC (the “Parties”) filed a Stipulation addressing certain matters in this docket.¹

The Commission conducted a formal hearing in this matter on November 7, 2019, beginning at 10:00 a.m. in the hearing room of the Commission, with the Honorable Comer H. Randall presiding. K. Chad Burgess, Esquire, and Matthew W. Gissendanner, Esquire, represented the Company. Jeffery M. Nelson, Esquire and Alexander W. Knowles, Esquire, represented ORS.

At the opening of the hearing, Mr. Nelson moved the Stipulation into the evidence of record. The Stipulation is identified, and incorporated herein by reference, as Order Exhibit No. 1.

In support of its PGA and Gas Purchasing Policies and the Stipulation, DESC presented direct testimony from Rose M. Jackson, Felicia D. Howard, and Rachel R. Elliott. DESC’s Witnesses Jackson, Howard and Elliott appeared in front of the Commission as a panel with each witness providing a summary of their testimony. ORS presented direct testimony from Zachary J. Payne and Anthony M. Sandonato, and Witnesses Payne and Sandonato also appeared before the Commission as a panel with both witnesses providing a summary of their testimony.² Consistent

¹ The Stipulation did not address DESC’s proposed changes to its General Terms and Conditions (“GT&C”) for natural gas service. ORS notified the Commission by letter dated October 8, 2019, of its concerns regarding the sufficiency of notice of a GT&C change, but did not request that the Commission take any specific action. By letter dated October 17, 2019, DESC responded that the requested GT&C amendment does not exceed the scope of the PGA proceeding, that amendments to the GT&C have been addressed in a prior PGA proceeding, that the Notice is adequate and sufficient, that ORS is a party of record and represents the interests of interruptible customers, and that DESC has informed interruptible customers of the proposed tariff change. For the reasons set forth by DESC, we find that the Notice is adequate and sufficient to inform customers of the subject and issues involved in this proceeding—namely, DESC’s “purchased gas adjustment and gas purchasing policies.” S.C. Code Ann. Regs. 103-804(J)(1). The GT&C amendments concern penalty provisions for interruptible customers who fail to comply with a curtailment order and pricing for emergency gas, when available, during periods of curtailment and thus directly implicate the Company’s gas purchasing policies. If DESC wishes to request any material amendments to its GT&C again in a future PGA proceeding, prior to such request, DESC is hereby directed to notify the Commission of its intention to request such changes prior to filing its Proof of Publication with the Commission.

² The Commission accepted the Stipulation as Hearing Exhibit 1, DESC Witness Elliott’s exhibits RRE-1 and RRE-2 as Hearing Exhibit 2, DESC Witness Jackson’s corrected exhibits RMJ-3 and RMJ-4 as Hearing Exhibit 3 and ORS Witness Payne’s exhibits ZJP-1 to ZJP-2 as Hearing Exhibit 4.

with the terms of the Stipulation, the witnesses who pre-filed direct testimony in this proceeding and orally presented such testimony before the Commission were subject to questioning by the Commissioners, with ORS Witness Sandonato subject to questioning by DESC.

The Commission has considered the testimony and the exhibits of the witnesses and the other evidence of record in this proceeding including the Stipulation. Based on the evidence of record, the Commission concludes that adoption of the Stipulation is in the best interest of DESC's customers and the State of South Carolina.

In making this finding, the Commission specifically finds that during the Review Period, DESC (a) properly administered the purchased gas adjustment and correctly adjusted the gas cost recovery factors for each customer class in accordance with the terms of Order No. 2006-679 as modified by Order No. 2009-910; (b) employed prudent gas purchasing practices and policies; (c) recovered its gas costs consistent with applicable tariffs and Commission orders and administered the PGA in a prudent and reasonable manner; and (d) was prepared during the Review Period and is currently prepared to meet its firm customers' projected needs via its future supply and capacity asset plans.

The Commission further finds that the monthly adjustment procedure and notification procedure for total cost of gas factors as adopted in Commission Docket No. 2006-5-G, Order No. 2006-679, as modified in Docket No. 2009-5-G, Order No. 2009-910, should be maintained. The Parties have agreed, and we find it appropriate, that the demand charges included in the total cost of gas factors will continue to be calculated as set forth in Commission Docket No. 2006-5-G, Order No. 2006-679, by distributing such costs among the rate schedules based upon a 50-50 allocation of peak design day demand and annual forecast sales. We further find the allocation factors of Residential 66.43%, Small General Service/Medium General Service 28.78%, and Large

General Service 4.79%, as set forth on page 4 of Ms. Elliott's pre-filed direct testimony, to be appropriate for use in the cost of gas calculations beginning with the first billing cycle of January 2020.

We accept the use of the cost of gas calculations for the Review Period, as set forth in Stipulation Hearing Exhibit No. 1, which is attached hereto as Order Exhibit No. 1.

The Commission further approves the authority of DESC to continue to charge and recover carrying costs, if applicable, on the cumulative total (over)/under-collection balances using the same method and with the same limitations as set forth by the Commission in Docket No. 2006-5-G, Order No. 2006-679, for the same reasons set forth in that Order. Pursuant to that Order and in the event of an over-collection balance, carrying costs shall be credited to customers.

The Commission also finds the Company's revisions to its General Terms and Conditions for natural gas service to be reasonable and prudent and approves the clean version as set forth as Order Exhibit No. 2.

Based on the testimony and exhibits and the Stipulation entered into the record of this proceeding, the Commission finds that the Company's gas purchasing policies and practices during the Review Period were reasonable and prudent. The Commission further finds that all matters contained in the Stipulation are appropriate for adoption in this proceeding and therefore finds that the Stipulation is in the public interest and is a reasonable resolution of the issues addressed therein.

NOW THEREFORE, based upon the foregoing, IT IS HEREBY DECLARED AND ORDERED THAT:

1. The Stipulation, which was agreed to by the Parties and accepted into the record without objection, is incorporated into and made a part of this Order as Order Exhibit No. 1. Further, the

Stipulation constitutes a reasonable resolution of the issues addressed therein and is hereby adopted as such.

2. During the Review Period, DESC properly administered the purchased gas adjustment. DESC also correctly adjusted the gas cost recovery factors for each customer class in accordance with the terms of Order Nos. 2006-679 and 2009-910, which factors are hereby approved.

3. DESC's gas purchasing policies and practices during the Review Period were within the guidelines established in prior Commission orders and were reasonable and prudent.

4. The appropriate cost of gas calculations for the Review Period are set forth in Order Exhibit No. 1.

5. The demand charges included in the total cost of gas factors should continue to be calculated as set forth in Commission Docket No. 2006-5-G, Order No. 2006-679, by distributing such costs among the rate schedules based upon a 50-50 allocation of peak design day demand and annual forecast sales.

6. The monthly adjustment procedure and notification procedure for the total cost of gas factors as adopted in Order No. 2006-679, as amended by Order 2009-910, shall be maintained.

7. The allocation factors contained on page 4 of Ms. Elliott's direct testimony are appropriate and should be used for cost of gas calculations beginning with the first billing cycle of January 2020.

8. DESC shall continue to charge and recover carrying costs, if applicable, on the cumulative total (over)/under collection balances in the same method and with the same limitations as set forth by the Commission in Docket No. 2006-5-G, Order No. 2006-679. In the event of an over-collection balance, carrying costs shall be credited to customers.

9.The actual balance in the Company's unbilled gas cost adjustment account shall continue to be applied to the PGA (over)/under collection calculation, and the Company shall consider this unbilled gas cost adjustment account in all future PGA calculations. Future monthly adjustments shall continue to be applied to the demand component of the cost of gas factor.

10.The revised General Terms and Conditions for natural gas service (see Order Exhibit No. 2) are hereby approved.

11.This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Comer H. Randall, Chairman

ATTEST:

Jocelyn G. Boyd, Chief Clerk

(SEAL)